FILED
DEC 14 2006
OFFICE OF THE CLERK
SUPREME COURT, U.S.

Nos. 05- 1056

In the
SUPREME COURT OF THE UNITED STATES
October Term 2006

MICROSOFT CORPORATION
Petitioner,
v.
AT&T CORP.,
Respondent.

On a Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

AMICUS CURIAE BRIEF

FÉDÉRATION INTERNATIONALE DES CONSEILS
EN PROPRIÉTÉ INDUSTRIELLE (FICPI)
In Support of Petitioner

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QUESTION PRESENTED

The questions presented in the Petition are:

(1) Whether digital software code—an intangible series of "1's and "0's"—may be considered a "component[] of a patented invention" within the meaning of Section 271(f)(1); and, if so,

Whether copies of such a "component[]" made in a foreign country are "supplie[d] . . . from the United States."

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INTRODUCTION

Fédération Internationale des Conseils en Propriété Industrielle ("FICPI") respectfully submits this amicus brief in support of Petitioner to present its position that 35 U.S.C. §271(f) interferes with sovereign power of foreign governments to grant the right to exclude only owners of international patents granted by that sovereign nation applies to a material or apparatus used in the performance of a patented process invention.[1] As set forth *infra*, because FICPI's international membership consists of both inventors and their attorneys, FICPI is in a unique position to assist this Court concerning the impact of expanding the extraterritorial reach of Section 271(f) to parts of patented inventions.

INTEREST OF THE AMICUS CURIAE

Established in 1906, FICPI is a Switzerland-based international and non-political association of approximately 4,000 industrial property attorneys from over eighty countries (including the United States). FICPI's members represent individual inventors as well as large, medium and small companies. One of the members' major roles is to advise inventors in intellectual property matters and secure protection for industrial innovation. FICPI supports the uniform global protection

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[1] FICPI states that counsel for the parties did not author any portion of this brief and that FICPI received no monetary contribution to the preparation or submission of this brief from any individual or entity other than FICPI. The contents of this brief solely represent the views of FICPI and not of any of its individual members.

of patents, the global harmonization of substantive patent law, and the interests of inventors and the U.S. Patent and Trademark Office ("the PTO") for recognizing a fair scope of patent protection consistent with the claimed invention.

FICPI is one of only two major world organizations that advises the World Intellectual Property Organization ("WIPO"), an intergovernmental organization, on all intellectual property matters. In this capacity, FICPI members have attended Diplomatic Conferences concerning international intellectual property treaties and practices. WIPO is dedicated to promoting and protecting intellectual property rights worldwide. Its 180 member states (including the United States) comprise almost ninety percent of the world's countries. See About WIPO, at http://www.wipo.int/about-wipo/en/. As one of the sixteen specialized agencies of the United Nations system of organizations, WIPO administers intellectual property matters recognized by the U.N.'s member states and twenty-three international treaties concerning intellectual property. See *id.* The United States is a member of the WIPO Standing Committee on the Law of Patents ("SCP") and is involved with WIPO's efforts to harmonize substantive patent law worldwide, including pursuant to a Substantive Patent Law Treaty, which currently is in draft form.[2]

As many of its members are foreign practitioners, and by reason of its role as a WIPO advisor, FICPI has a unique perspective on the global impact of extraterritorial

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[2]*See* Substantive Patent Law Harmonization, at http://www.wipo.int/patent/law/en/harmonization.htm.

application of U.S. patent laws. Realizing the goal of global harmonization of substantive patent law requires that U.S. courts adhere to the settled presumption against extraterritorial application of U.S. patent laws. This is the case particularly here, where the legislative history underlying Section 271(f) reflects a clear intent not to extend Section 271(f) to impose liability where a patented process is performed entirely in a foreign country and never imported into the United States. Such a dramatic change in the law—with its impact on foreign sovereignty, U.S.-foreign relations, and the global economy (particularly in high technology sectors) —is beyond the authority of Congress and is contrary to international treaties.

SUMMARY OF ARGUMENT

The American patent system is founded upon the interest in encouraging the creation of, and investment in, innovative technology, which requires the participation of and cooperation with foreign countries. Expanding Section 271(f) to cover infringement in foreign countries is contrary to this philosophy. Such an expansion also is inconsistent with WIPO's efforts to harmonize patent laws, the United States' obligations in international treaties and the settled practice of deferring to a foreign country's assessment of the scope and reach of its patent laws.

The briefing of the parties and *amici* regarding the Petition that was granted did not fully explain the fundamentals of territoriality, the issue of primary interest to FICPI. United States law relates to the United States, not to activities wholly within foreign countries. FICPI

examines the key words at issue and urges that the same meaning of words having special meaning must have the same meaning in Section 271(f) as they do in other subparts of Section 271 and in other Sections of patent law. FICPI further contends that Section 271(f) is *ultra vires*, beyond the authority of Congress to regulate acts occurring solely in foreign countries.

ARGUMENT

1. FIRST PRINCIPLES

The Preamble to the Constitution makes it clear that the "constitution for the United States of America" has several purposes, including "to form a more perfect union" in the United States; "insure domestic tranquility" in the United States, and "promote the general welfare" in the United States. These purposes or goals have nothing to do with foreign countries. Indeed, the young nation was seeking a more perfect Union than Great Britain, more tranquil than the bloody revolution concluded not long before, with a better "general welfare." This nation wanted a *departure* from the situation in foreign countries, mostly European, from whence its citizens migrated. There was never a thought that United States laws would govern activities exclusively within foreign countries.

The substance of the Constitution includes, in Article 1, the powers of Congress to act in establishing the purposes specified in the preamble. Section 8 of Article 1 lists the specific powers of Congress. Clauses 1, 2, 4, 6, 15, 16, 17, and 18 expressly are limited to the "United States" or the "Union," and the rest, including the patent clause (Article I, Section 8, clause 8) are impliedly

so related. It is not conceivable that the patent clause contemplated securing the right of inventors to exclude patent infringement occurring exclusively in foreign countries.

The briefs in this case prior to the grant of the Petition use many ordinary words and some terms of art. It is appropriate to differentiate the two kinds of terms at the outset for clarity. In 1790, Congress passed the first patent law, indicating the kinds of inventions that may be protected by patent. Today, 35 U.S.C. §101 uses the ordinary words "any new and useful process, machine, manufacture, or composition of matter" may be patented. These generic words were intended to accommodate all areas of technology contemplated in 1952 (ch. 950, §1, 66 Stat. 797). Of the many definitions in *Webster's Third New International Dictionary* (1968), the most relevant here is "process" "**d** 2 an artificial or voluntary progressively combining operation that consists of a series of controlled actions or movements systematically directed toward a particular result or end <the ~ governing the mechanism of a clock."

A "machine" also has many definitions in that dictionary, the most helpful of which is "**syn** MACHINE, ENGINE, APPARATUS, APPLIANCE signifying, in common, a device, often complex, for doing work beyond human physical or mental limitations or faster than human hand or mind" followed by detailed examples of each of the four synonyms in literature. A "manufacture" also has several definitions in the 1968 dictionary, including "**5:** the act or process of making, inventing, devising or fashioning : PRODUCTION, CREATION." The product

or creation made, invented, devised or fashioned is what §101 teaches may be patented.

A "composition" of matter is, in the same dictionary: "**g** the nature of a chemical compound or mixture as regards the kind and amounts of its constituents being usu. expressed for a chemical compound in numbers of atoms of each element in the molecule or in percentages of each element by weight."

Machines, manufactures and compositions of matter are tangible, whereas processes are intangible. There is no departure from the ordinary understanding of the meaning of these words. All of these words have their ordinary dictionary meaning, with no hidden or special meaning in patent law.

Likewise, the words "United States" and "this country" have a defined meaning in patent law, 35 U.S.C. §100(c), as "the United States of America, its territories and possessions," which again is the ordinary meaning.

Congress has, on the other hand, used many of the words here under discussion with special meaning in patent law. The word "element" in a "claim for a combination may be expressed as a means or a step for performing a specified function without the recital of structure, material of acts in support thereof" in 35 U.S.C. §112 paragraph 6. Thus, an "element" in a claim may be tangible "means" having "structure" or "material," or it may be a "step" in an intangible process. It is important to use these words in the manner Congress used them as a matter of statutory construction, and not necessarily according to the different meanings from the dictionary. "Means" is associated with a tangible aspect of a

combination of tangible parts, while "step" is one of a series of parts of an intangible process.

Reissue Patent Number 32,590, at issue here, has claims 1-9 and 32 for a "method for processing," claims 19-23 for a "method for encoding," and claims 37-39 and 42-43 for a "method producing a speech pattern," all within the intangible "process" category of paragraph 6 of §112. It also has the remaining claims drawn to "means" combinations within paragraph 6 as well as "machines" or "apparatus" within §101. Accordingly, the patent relates to intangible processes and tangible means and structure.

The Brief for the United States as Amicus Curiae, filed in response to the invitation of the Court before grant of the Petition, states at page 10 that "[n]othing in the text of Section 271(f) supports the artificial "tangibility" limitation suggested by petitioner." There is nothing "artificial" about §101. "Processes" are intangible and "machines" are tangible.

Microsoft's predecessor programs were rightly called "word "*processing*" programs. Even the earliest computers had CPUs, "central *processing* units." It is not a stretch from ordinary language to grasp that processes are intangible. The Government's Brief acknowledges (at 8-9) that "while the concept of the Windows software lacks physical existence, each copy of the object code that was created overseas and then installed in an allegedly infringing computer overseas unquestionably had physical existence." This is a *non sequitur*. The word "concept" has special meaning in patent law as the predecessor step in the intangible *process* of making an invention. The second step in the *process* is reduction to practice of the invention. Both steps are intangible *process* steps in the

creative *process*. The manifestation of the reduction to practice of a machine, manufacture or composition of matter is certainly tangible, but the creative *process* of conception and reduction to practice or readying for patent (*Pfaff v. Wells Electronics, Inc.* 525 U.S. 55 (U.S. 1998)) is unquestionably intangible.

At page 9 of the Government's Brief, the assertion is made that "it is only because the object code has physical existence that the computer's central processing unit is able to detect and implement the software." In truth, detecting and implementing are intangible *processing* steps performed by the central *processing* unit. Having the presence or absence of magnetized areas in a magnetic medium represent ones and zeros is not "physical existence." Nor is the presence or absence of light traveling through a fiber optic medium a "physical existence." Rather, both are manifestations of intangible information being *processed* or manipulated to perform specified functions in an intangible *process*. The magnetized areas or light containing areas are mere metaphors for intangible information, and are not physical embodiments of information. Information, like language, is intangible.

The concept of an invention, like information itself, is intangible, but that is not to say that either does not exist. While a patent describes an invention, the invention exists "*in pais*, outside of the documents themselves" *Bischoff v. Wethered*, 76 U.S. 812, 815, 9 Wall 812 (1870) quoted in *Markman v. Westview Instruments, Inc.* 517 U.S. 370, 386 (1996). So too the AT&T concept exists *in pais* as a whole, and not just in parts, components and ingredients. *Deepsouth Packing*

Co. v. Laitram Corp. 406 U.S. 518 (1972) correctly concluded that "We cannot endorse the view that the 'substantial manufacture of the constituent parts of [a] machine' constitutes direct infringement when we have so often held that a combination patent protects only against the operable assembly of the whole and not the manufacture of its parts" (406 U.S at 528). 35 U.S.C. §103(a) directs the consideration of "the subject matter as a whole" in the obviousness determination.

The Government asserts at page 7 of its Brief that the word "component" in Section 271 is not defined, so it must be given its "ordinary or natural meaning." "Software" is described on page 8 as a "component" of a "computer system," citing *Dictionary of Computing (3d ed. 1990)*. "Component" in patent law is a term of art in 35 U.S.C. §271(c) that requires three conditions for liability. First, the component must constitute a "material part of the invention." Second, it must be used by the infringer "knowing the same to be specially made or especially adapted for use in an infringement of such patent." Third, the component must not be a "staple article or commodity of commerce suitable for a substantial noninfringing use."

It is a bedrock principle of statutory construction that a term must have the same meaning each time that it appears in the statute. The proper construction of "component" is that of §271(c), since the term cannot have one meaning in subdivision (c) and a different meaning in subdivision (f).

The importance of "component" in §271(c) is that it does not stand alone. For there to be contributory infringement under §271(c), there must be direct

infringement to which the component contributes. "There can be no contributory infringement without the fact or intention of a direct infringement." *Deepsouth* at 526. If the direct infringement is in a foreign country by foreign sellers of computers who sell only to foreign buyers, Section 271 cannot reach that infringement of a U.S. patent.

Copying of information is not patent infringement. Exporting a disc that can be copied in a foreign country cannot be patent infringement of a United States patent. If "the act of copying is subsumed in the act of supplying," as the majority below said, neither act is patent infringement. If there is no direct infringement in the United States, there can be no contributory infringement in the United States.

2. TERRITORIALITY

The Paris Convention (1883) is a treaty to which the United States adheres. Article 4 bis (1) reads: "Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not." This "independent" concept means that a United States patent is independent of a patent in Germany, for example, and a United States patent does not govern acts in Germany, nor does a German patent govern acts in the United States. The concept of "territoriality" has been central to international law for over a century.

Article 25(1) states: "Any country party to the convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention." The United States has

ensured that its laws respected the territoriality under the Paris convention until the enactment of 35 U.S.C. §271(f) a century after the ratification of the Paris Convention.

The Paris Convention was a "Treaty" made under Article II, Section 2, paragraph 2 of the Constitution with the advice and consent of two thirds of the Senate. Accordingly, adherence to the territoriality or "independence" idea and to the appropriate measures to ensure the application of that idea in United States laws is long standing and the law of the land. "The judicial power shall extend to all cases, in law and equity, arising under . . . treaties made," under Article III, Section 2, paragraph 2 of the Constitution.

It should be clear that this Court has the power to apply the Paris Convention, in particular the concept of territoriality, in deciding this case. The issue that FICPI suggests is appropriate is whether §271(f) is consistent with the duty of the United States to "adopt, in accordance with its constitution, the measures necessary to ensure the application of this [Paris] Convention."

To be sure, the Paris Convention (1883) Article 19 allows that "countries of the Union" may "reserve the right to make separately between themselves special agreements for the protection of industrial property." But for §271(f) to extend to foreign countries, there must be special agreement between the United States and the foreign countries by treaty, not by unilateral act of Congress.

3. ULTRA VIRES

At least since 1883, the Paris Convention has precluded a finding of patent infringement where the acts of making, using, selling or offering for sale are

performed in a country of the Union outside the country having an independent patent. In other words, if AT&T has a patent in the United States and a patent in Germany on the same invention, and the acts alleged to be infringement are entirely performed in Germany, the independent German patent must be applied, not the United States patent. It is not an issue of comity; it is an issue of the binding effect of the Paris Convention.

The rights of authors and inventors secured under the Patent Clause are not limited to those in the United States because the Paris Convention, Article 2(2), states that "no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of countries of the Union for the enjoyment of any industrial property rights." However, the patent right granted pursuant to Congressional legislation cannot extend to "countries of the Union for the enjoyment of any industrial property rights." If other nations want to promote the progress of science and the useful arts in their countries, those nations must so legislate, because United States patent law is directed to promoting useful arts in this country only.

Three years after Congress enacted §271(f), it enacted §271(g). H.R. Rep. No. 60, 100th Cong., 1st Sess. 6 (1987) stated that "there is no logical reason to exclude from the ambit of patent infringement acts associated with the abuse of a United States process as long as they occur within the reach of United States domestic law." This legislative history is quoted in *Pfizer, Inc. v. Aceto Corp.*, 853 F. Supp. 104, 105 (S.D.N.Y. 1994), followed by the finding that "Section 271(g) was not intended, and indeed there is serious doubt whether Congress would have the

authority – except perhaps by treaty – to prevent the use of a U.S. patented process in another country. Thus, §271(g) "will not give extraterritorial effect to U.S. law" and provides no remedy against foreign manufacturers whose infringing acts do not occur within the United States. S. Rep. No. 83, 100th Cong., 1st Sess. 48 (1987)." Since treaties are made by the executive branch, with the advice and consent of the Senate, Congress lacks authority to legislate patent infringement where all acts are outside the United States. The governing treaty is the Paris Convention of 1883.

Pfizer at 106 quotes Senator Lautenberg: "While U.S. courts may not reach a foreign manufacturer that has no presence in the United States, the bill would allow a patent owner to enforce its patent in the U.S. courts against the importer or seller of the foreign manufacturers product." Hearing on S. 568 before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. On the Judiciary 100th Cong., 1st Sess. 21 (1987). While the legislative history does not specifically support Judge Lasker's doubt in *Pfizer* about Constitutional authority of Congress, it clearly shows Congressional intent not to have extraterritorial reach in §271.

Another §271(g) case is *Cybiotronics, Ltd. v. Golden Source Electronics, Ltd.*, 2001 U.S. Dist. LEXIS 6191; 58 USPQ2d (BNA) 1385, 1391 (C. D. CA 2001): "The patent laws are limited to the geographical confines of the United States, and the Court is limited by the clear and obvious terms defining the scope of the statutes." If there is no extraterritorial reach in §271(a), (c), (e) and (g), to be consistent §271(f) should be construed to have no extraterritorial reach by reason of the Constitution and

by Treaty. Congress is not empowered under Article I, Section 8, Clause 8 to grant a right to exclude the use of an invention in a foreign country, contrary to the laws of the foreign country.

Baker v. Carr, 369 U.S. 186, 210-11 (1962) dealt with political questions, which are not usually thought to be an issue in patent infringement cases. The issue of whether acts performed entirely in a foreign country can be an infringement of a United States patent is not a matter committed to Congress to determine. "Deciding whether a matter has in any measure been committed by the Constitution to another branch of government, or whether the action of that branch exceeds whatever authority has been committed, is a delicate exercise of constitutional interpretation, and is a responsibility of this Court as ultimate interpreter of the Constitution."

Certainly, the debate in the European Union regarding the patentability of computer programs is political, not science-driven. *See CFPH L.L.C.'s Application*, Case No.CH 2005 APP 0009 (UK HIGH COURT OF JUSTICE, CHANCERY DIVISION, PATENTS COURT, 21 July 2005):

> "**International Conventions Are To Be Given a Purposive Interpretation**
>
> . . . [A]n international convention such as the European Patent Convention may be drafted by a committee not all of whose members speak the same mother-tongue and none of whom may be aware of, or care about, the aforesaid semantic convention" (paragraph 26).
>
> "Indeed the Convention is expressed in three languages, all equally authentic. It is therefore not

surprising that the methods of interpretation to be applied to such an international instrument are not the same. In particular, there is more room for a teleological interpretation. It may have its problems, of course – in particular, how to ascertain the *:elos*, or purpose" (paragraph 27).

"**The Items Were Excluded For Policy Reasons**" (before paragraph 30).

"*Computer Programs*

35. . . . The reason why computer programs, as such, are not allowed to be patented is quite different. Although it is hotly disputed now by some special interest groups, the truth is, or ought to be, well known. It is because at the time the EPC was under consideration it was felt in the computer industry that such patents were not really needed, were too cumbersome (it was felt that searching the prior art would be a big problem), and would do more harm than good. I shall not go into details here but it is worth noting that the software industry in America developed at an astonishing pace when no patent protection was available. Copyright law protects computer programs against copying. A patent on a computer program would stop others from using it even though there had been no copying at all. So there would have to be infringement searches. Furthermore you cannot have a sensible patent system unless there exists a proper body of prior art that can be searched. Not only are most computer programs supplied in binary form – unintelligible to humans – but most of the time it is actually illegal to convert them

into human-readable form. A patent system where it is illegal to search most of the prior art is something of an absurdity" (footnotes omitted).

This opinion is not the end of the debate, and it clearly has nothing to do with United States law. It is relevant to the regional patent systems that other nations choose for themselves as discussed in point 6 below. It is presented here to show that political and policy issues regarding computer programs make *Baker v. Carr* relevant to the determination of this case. Whether territorial reach of patent law is "committed by the Constitution to another branch of government" is far from clear.

The reach of Congress to exclude infringement in foreign countries is beyond its powers. It is *ultra vires*. Patents are by definition territorial. If the patent covers the "United States of America, its territories and possessions" (35 U.S.C. §100(c)), then it does not cover acts of infringement in foreign countries, outside of the regulatory authority of Congress. Respondent must seek relief in foreign courts under foreign patents, not in United States courts.

"It is emphatically the province and duty of the judicial department to say what the law is" *Marbury v. Madison*, 1Cranch (5 U.S.) 137 (1803). The Constitution does not permit Congressional regulation of torts or patent infringement committed by foreign citizens in foreign countries.

4. INTERNATIONAL LAW

The basic structure of the international patent system is territorial, i.e, a patent provides protection in the market of the nation (or regional entity in the case of the

European Patent Convention) granting the patent. This protects the freedom of other nations to apply their own different patent law principles within their own territories.

This point is confirmed most clearly in that region, Europe, in which integration of both the patent system and the judicial system has gone furthest. In Europe, there is a European Patent, granted under the Convention on the Grant of European Patents (October 5, 1973), but the European patent is essentially a bundle of national patents, to be enforced according to national law in each nation. As stated in the treaty, a patent confers in each State "the same rights as would be conferred by a national patent granted in that State" (Article 64(1)). Hence, the members of the Convention respect one another's national enforcement principles.

This respect is also reflected in Europe's arrangements for jurisdiction and the international enforcement of judgments. Under the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (September 27, 1968), now enacted as Council Regulation (EC) No. 44/2001 of 22 December 2001, Official Journal L 12/1 (Jan. 16, 2001), exclusive jurisdiction is given "in proceedings concerned with the registration or validity of patents . . . or other similar rights required to be deposited or registered, [to] the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place." (Article 16(4) of the Brussels Convention, identical to Article 22(4) of the 2001 Regulation) These provisions have recently been interpreted to allow extraterritorial enforcement within

Europe of patents in only very limited situations in which there is a single defendant and validity is uncontested in any jurisdiction, *Roche Nederland BV v. Primus* No. C-539/03 (European Court of Justice (First Chamber) 13 July 2006 and *GAT v. Luk* No. C-4/03 (European Court of Justice (First Chamber) 13 July 2006).

A similar pattern is reflected in global intellectual property conventions. The Agreement on Trade-Related Aspects of Intellectual Property Rights, April 15, 1994 (to which the United States is a party) states:

> A patent shall confer on its owner the following exclusive rights:
>
> (a) where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of making, using, offering for sale, selling, or importing for these purposes that product.

(Article 28(1)(a)) It is clear from the use of the term "importing" that it is only the national market that is required to be protected. And other nations retain the freedom to apply their own laws. Thus, members have the right to exclude from patentability "inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect" a variety of enumerated interests (Article 27(2)) .

The pattern is also reflected in the fundamental treaty covering patents (to which the United States is also a party), the Paris Convention. This treaty provides "[n]ationals" of any member country the same rights to protect industrial property as those held by nationals of the country granting the protection (Article 2). The basic concept is that a foreign inventor must be given the same

rights to obtain and enforce a patent as a domestic inventor, and, by implication, an inventor wanting coverage in several nations must apply for a patent in each of those nations and enforce it in each such nation, all in accordance with the law of the specific nation.

Although there is a very limited extraterritorial effect associated with the patent holder's right to limit imports of a patented product, the basic international scheme is that patents protect the national market, and that it is up to other nations to provide protection in their markets. Congress's recognition of this structure underlay *Deepsouth Packing Co. v. Laitram Corp.* 406 U.S. 518 (1972). "To the degree that the inventor needs protection in markets other than those of this country, the wording of 35 U.S.C. §154 and 35 U.S.C. §271 reveals a congressional intent to have him seek it abroad through patents secured in countries where his goods are being used. Respondent holds foreign patents; it does not adequately explain why it does not avail itself of them" (406 U.S. at 532) provides a limited exception, and must clearly be read narrowly in the face of this international legal structure.

5. PATENTABILITY OF SOFTWARE

This case deals with an area—software—in which there is significant international debate regarding patentability. Recent U.S. law, as developed by the Court of Appeals for the Federal Circuit has been very expansive. *A.T.&T. v. Excel Communications, Inc.*, 172 F.3d 1372 (Fed. Cir. 1999); *In re Alappat*, 33 F. 3d 1526 (Fed. Cir. 1994).

The European Patent Convention ("EPC") addresses the patentability of computer programs head on:

inventions shall not include "programs for computers" (Article 52(2)(c)). The case law in Europe has been divided as to whether patent claims relate to computer programs "as such," or whether programmed computers for performing tasks that are not mathematical expressions or business methods can be permitted.

A European Union effort was made to enact a 2002 Commission proposal to reconsider the patentability of computer programs for the European Union. The Proposed Directive was defeated in the European Parliament on July 6, 2005 (Common Position (EC) No 20/2005). European Parliament Press Release, "Software patents; the 'historic vote' in the European Parliament brings the battle to an end."

Perhaps most important, current efforts to negotiate international harmonization on the standards of patentability (the substantive Patent Law Treaty) are at an impasse, in part on the issue of the appropriate scope of coverage of software patents. These negotiations are being conducted at the World Intellectual Property Organization Standing Committee on the Law of Patents. The United States would like broad coverage of software and business methods; many other nations would like more narrow coverage. The dispute appeared sharply in the seventh negotiating session, World Intellectual Property Organization, Standing Committee on the Law of Patents, Seventh Session, Geneva, May 6 to 10, 2002 Draft Report, Scp/7/8 Prov. 2 (Sept 18, 2002), ¶¶ 159-173, and has led to a serious impasse, BNA 19 World Intellectual Property Report 7-17, "Official admits deadlock on advancing patent treaty talks," (July 2005). The negotiations are currently failing even in efforts to

define a modified agenda that would avoid such controversial issues, BNA 19 World Intellectual Property Report 11-19, "Compromise reached on advancing stalled patent law treaty talks (Nov 2005); ICTSD, Bridges, Weekly Trade News Digest, Vol. 10, No. 14, "WIPO patent harmonization talks adrift after meeting collapses," (26 April 2006).

6. AFFIRMANCE UNDERCUTS THE ABILITY OF OTHER NATIONS TO ENFORCE PATENT SYSTEMS OF THEIR OWN DESIGN

Under the decision in this case, and its predecessor, *Eolas Techs. Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005), software code alone can amount to "all or a substantial portion of the components of a patented invention" under 35 U.S.C. § 271(f). The result is that the production of anything anywhere in the world that relies ultimately upon the export of software code generated in the United States is subject to the reach of § 271(f). This could even reach tangible products with embedded software.

In the face of a basic international legal principle of territoriality, designed precisely to protect differences in patent law, and of major differences around the world with respect to the appropriate scope of patent coverage of software, such an extension would convert a narrow exception into a violation of comity and international treaties. The decision should be reversed.

CONCLUSION

FICPI urges the Court to vacate the Order of the Federal Circuit and remand for further proceedings.

Dated: December 14, 2006 Respectfully submitted,

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